

Fund Launch Status Report

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Summary: This paper serves to update the PSJC on the progress of sub-fund openings.

Recommendations: The committee is recommended to note and discuss the contents of this report.

Fund Launch Update

- EPOCH has successfully launched with £141mil on November 8th thanks to the borough of Hillingdon.
- Henderson Emerging Markets fund launch was scheduled to launch on October 24th with Lambeth as the seed investor with £80mil. That launch is now on hold as Lambeth needs to work through Committee approval (December 7th).
- RBC was operationally ready to open on September 21st. The fund will officially launch once we have subscriptions from the boroughs. Hackney will be the seed investor with £180mil to transition in January.
- Fixed Income and other equity – please refer to CIO report.
- **Financial implications:** The MTFS plan estimated three global equity fund launches in September with £550mil in AUM. To date, one fund will launch in November with £150mil in AUM. LCIV do not have a launch date for Henderson at this time. RBC may launch in January with Hackney as the seed investor with £180mil, four months after the fund is operationally ready to open.
- **New Commercial Arrangements:** The LCIV investment team have been working with Baillie Gifford to reduce the lowest tiered fee Global Alpha from 35bps to 33bps effective immediately for AUM over £600mil. As the fund is now £1.8bn this is a significant savings.


LCIV Capacity Report (attached)

- Many of the London CIV funds have capacity constraints. The capacity limits are reviewed regularly and may change due to inflows, market conditions or new terms agreed with the investment managers. In light of the Longview capacity situation we are planning on including capacity terms in the Investment Manager Agreements.

LCIV Client Pipeline Report (attached)

- Active client pipeline report includes both seed investors for new funds and subscription/redemption activity.

Fund Launch Status Report

2017/18 Fund Launch Status as of November 2017										 LONDON CIV
Plan Phase	Vehicle Type/On-Off Platform	Fund	Current Launch Date	MTFS Launch Date	Launch Date RAG	Launch £AUM (m)	MTFS £ AUM (m)	AUM vs. Plan and/or Commitments	Current AUM	Boroughs Indications of Interest / Comment
Global Equities Phase 1	Delegated/On Platform	Henderson Emerging Markets	Jan '18	Sep		£172	£150	£22	£0	£80m Lambeth seed investor. Indications of interest: £80m Waltham Forest /£12m Enfield
	Delegated/On Platform	EPOCH Equity Income	Nov 8th	Sep		£141	£200	-£59	£145	Launched with £141mil Hillingdon
	Delegated/On Platform	RBC Sustainable	Jan '18	Sep		£180	£200	-£20	£0	Hackney £180mil seed investor
Global Equities Phase 2	tbc	Low Carbon Tracker	tbc	Dec		tbc	£150	-£150		Need to determine demand for strategies (RWC) and investment manager for low carbon tracker. Low carbon working group meeting on Oct. 31st.
	Delegated/On Platform	RWC Core Equity	tbc	Dec		tbc	£150	-£150		
Fixed Income	Delegated/On Platform	Global Bond	tbc	Mar '18		tbc	£300 per fund (on avg)	N		FI Working Group: Oct 19th
	Delegated/On Platform	Liquid MAC (2)	tbc	Mar '18		tbc		N		<u>Global Bond / Liquid MAC / Liquid Loans</u>
	Direct/On Platform	Private Debt: Liquid Loans	tbc	July '18		tbc		N		Conduct Investment Due Diligence on Preferred Managers (4 wks Oct 23rd to Nov 23rd)
	Direct/On Platform	Illiquid MAC	tbc	July '18		tbc		N		Summary Report of Investment Due Diligence to FI group (Nov 24th)
	Direct/On Platform	Private Debt: Illiquid Direct Lending	tbc	Oct '18		tbc		N		Investment Manager Beauty Parade w/ Fixed Income working group Dec 1st Board review and sign off week of Dec 4th
Infrastructure	tbc	Infrastructure Fund	tbc	Dec '18		tbc	£300	N		Finalise Product design and operational model
						MTFS Aum	£3.1bn			<u>Private Debt</u> Investment Due Diligence Nov 22-Dec 1st Summary report due diligence results Dec 4th week Investment Manager Beauty Parades w/ FI working group Dec 22nd (tbc)
<div><div>G</div>on track</div>	<div><div>A</div>AUM commitments delayed</div>									<div><div>N</div>Fund structure & plan to be developed</div>
										No firm AUM commitments / impact: delayed fund launches

Client Pipeline Report

Borough	Fund	New Investor	AUM (m)	Cash or In-Specie	Funding /Transition Date	Onboarding Documents Status	Decision Date	Notes
Barking and Dagenham	BG/Epoch/NW GE/Henderson/RBC		£150				Nov 24th	Equity day 24th Nov. May move out of Kempen if they see a viable replacement.
Bexley	Newton GE /Epoch/Ruffer		£130 switch	Cash			Dec	Bexley is switching a portion of their AUM £130 out of Newton GE into Epoch £90m & Ruffer £40m
Brent	HEM/RWC							They are looking to move out of Passive Equity. Possibly HEM/RWC
Bromley	BG GA	Y	tbc	In-specie	Jan '18			Decision to transition January time frame.
Ealing	Allianz /BG GA /HEM		£208	In-specie				Allianz Redemption - Will leverage LGIM as transition manager as a portion of Allianz assets are moving to passive. BG GA £186, HEM £22
Enfield	Baillie Gifford /HEM/Longview		£165	In-specie			Nov 24th	Paul is working with Aon to decide how they will allocate £165m over Henderson, Longview & Baillie Gifford GA.
Hackney	RBC	Y	£180	In-specie	Jan '18	wip		Dependent upon other transactions - transition in Jan estimated.
Hammersmith & Fulham	Ruffer	Y	£60	Cash				Would be coming out of Majedie. Although topping up their current amount in Ruffer, they will look to divest at some point to move into Infrastructure fund.
Haringey	Ruffer	Y	£100	Cash	Dec			Pensions committee Nov 21st for decision. Two tranches £50mil per on Dec 6th & Dec 20th
Lambeth	HEM		£80	Cash		N/A	Dec 6th	The £80 is currently parked in Pyrford. Launch date has been postponed until further notice.
Waltham Forest	BG GA / HEM /Longview	Y	£320	In-specie	Jan '18	wip		Working with a transition manager to bring assets into three LCIV funds.
		Net new money	£975					

London LGPS CIV Capacity Review

Many of the London CIV funds have capacity constraints. The capacity limits are reviewed regularly and may change due to inflows, market conditions or new terms agreed with the investment managers. A review of where the funds currently stand against these capacities is shown below:

Fund (All figures in £m)	Total Capacity	Fund AUM as at 17 Oct	Current Unused Capacity	Expected Flows	Projected Unused Capacity
Allianz Global Equity Alpha	Unlimited	736		-	
Baillie Gifford - Diversified Growth	2,000/9,500*	475	1,300	-	1,300
Baillie Gifford - Global Alpha Growth	650	1,810	650	306	344
Longview - Global Equity	1,500**	440	151	210	Closed
Majedie - UK Equity	500	527	500	-	500
Newton - Global Equity	Unlimited	679		-	
Newton - Real Return	Unlimited	346		-	
Pyrford - Global Total Return	Unlimited	224		50	
Ruffer - Absolute Return	1,500	580	920	160	760
Henderson - Emerging Market Equity	500	-	500	194	306
RBC - Sustainable Equity	1,000	-	1,000	180	820
Epoch - Income Equity	750	-	750	130	620
		5,816	5,772	1,230	4,592

*The Diversified growth capacity is for the ACS is £2bn, they also have a capacity for the strategy as a whole of £9.5bn. The current size of the strategy is £6.7bn.

**The Longview capacity of £1.5bn includes LLAs invested with Longview outside of the ACS. These external investments currently total £909m.

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